

Atchison



Superannuation Market Place

Quarterly Review to 31 December 2022

Identifying
Opportunity™



Special Feature:

Superannuation Data Transformation – Phase 1

APRA released the first in a series of new statistical publications that leverage new reporting standards implemented in Phase 1 of the Superannuation Data Transformation project to increase the transparency of the superannuation industry in October 2022.

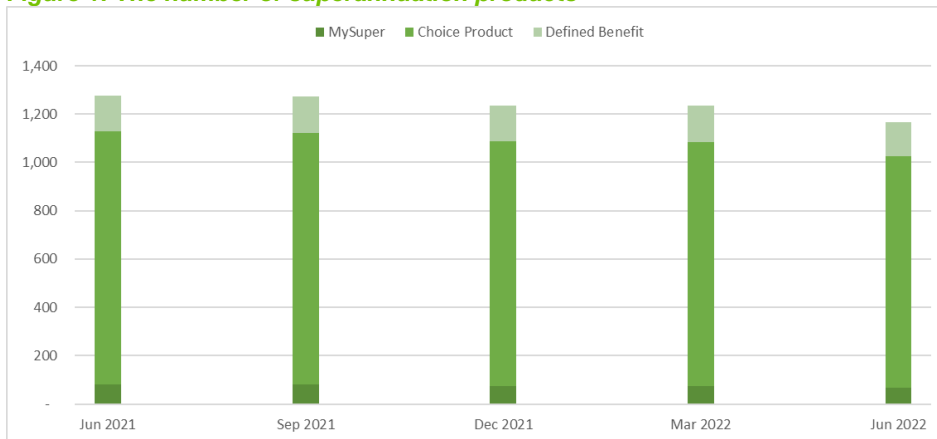
The new report contains information on the number and types of products and investment options available in the superannuation industry for the first time, and the frequency of publishing member demographics data will be changed from annually to quarterly.

The key features summarised from the publication include:

1. The number and types of superannuation products

As of the quarter ending 30 June 2022 (shown in Figure 1), there were 69 MySuper products, 956 Choice products and 142 Defined Benefit products in the APRA-regulated entities with more than four members. The number of MySuper products declined by -0.43% over the year compared to June 2021, while the total number of products decrease from 1277 to 1167.

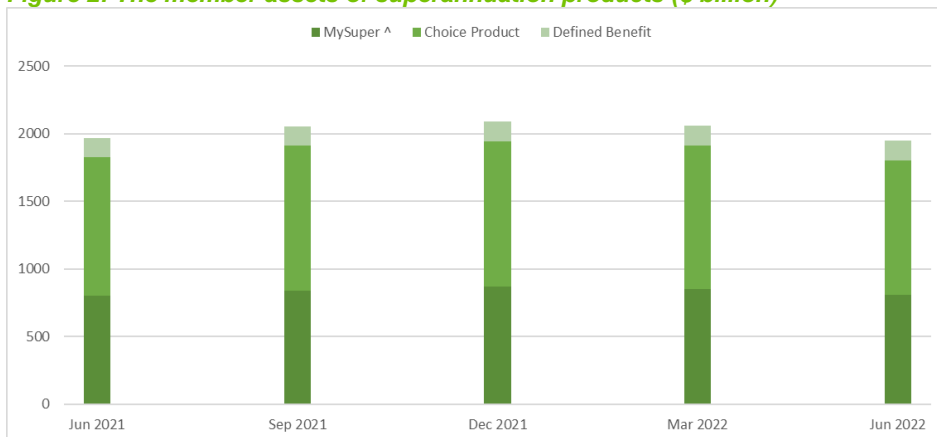
Figure 1: The number of superannuation products



2. The member assets of superannuation products

In the first six months of 2023, the total assets have decreased by -6.7% from \$2.09 trillion to \$1.95 trillion. As of the quarter ending 30 June 2022 (shown in Figure 2), the choice product held the largest allocation of 51%, followed by MySuper, which held 41.5% in APRA-regulated RSEs with more than four members.

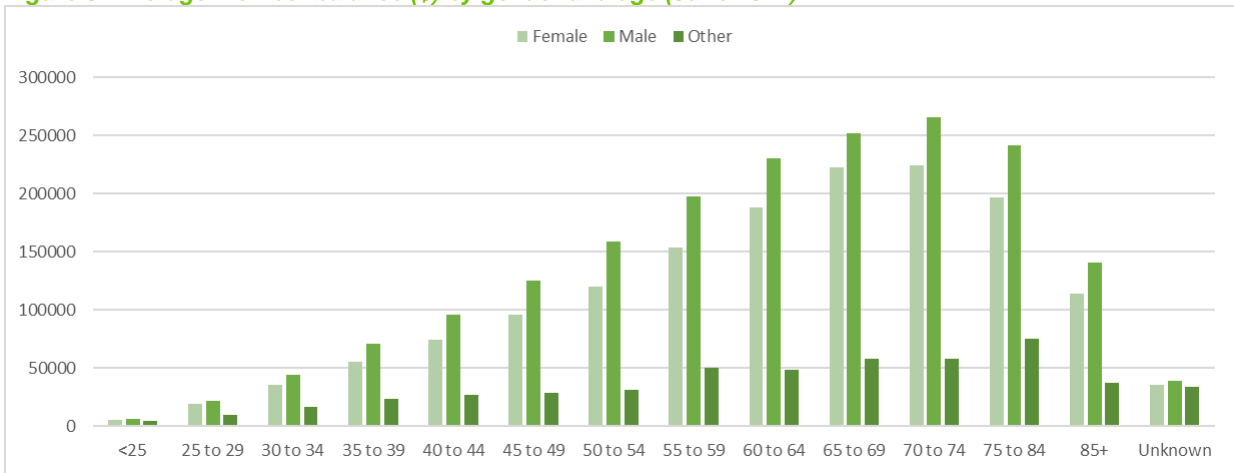
Figure 2: The member assets of superannuation products (\$ billion)



3. Member demographics data

The total average member balance is \$104,824 at the report date, while the highest average amount was held by the 70-74 age group as displayed in Figure 3.

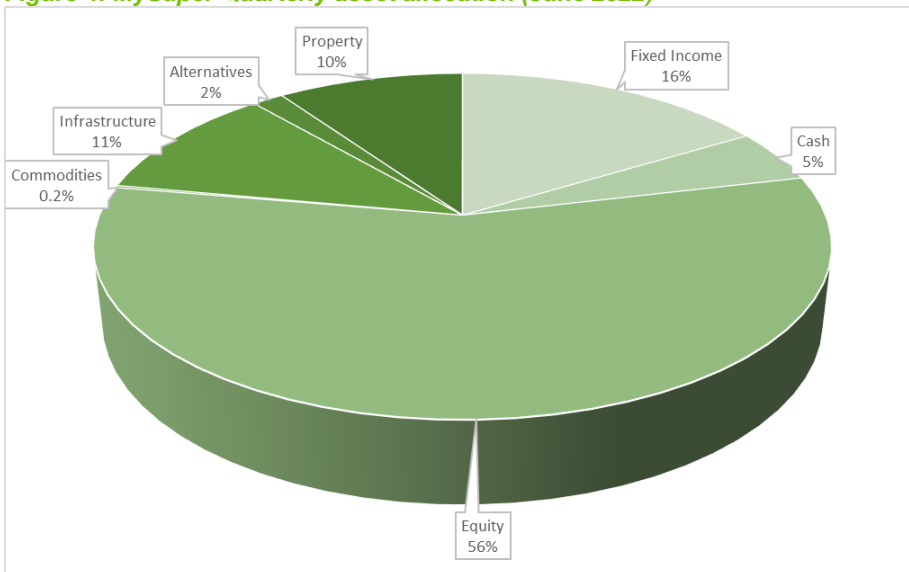
Figure 3: Average member balance (\$) by gender and age (June 2022)



4. MySuper asset allocation

As of the quarter ending 30 June 2022, the total MySuper investments in entities with more than four members are \$815.7 billion with the largest allocations in Equities for 56%.

Figure 4: MySuper Quarterly asset allocation (June 2022)



Superannuation Market Place

Total Australian superannuation assets rise by 2.5% over the quarter to December 2022 to approximately \$3.4 trillion (refer to equity performance over the quarter, as shown in Table 1 below, only International listed property experienced negative returns in the December quarter).

Table 1: Quarterly Equity Performance – 31 December 2022

Asset Class	Index	Quarterly Return (%)
Australian Equities	S&P/ASX 200 TR	9.4
International Equities	MSCI World Ex Australia (AUD)	3.9
International Equities (Hedged)	MSCI World Ex Australia (in local currency terms)	7.2
Australian Listed Property	S&P/ASX 200 A-REIT TR	11.5
International Listed Property	FTSE EPRA/NAREIT Developed Ex Australia (AUD)	-2.3

Source: S&P, MSCI, FTSE, FE

The composition of the Australian superannuation pool, in terms of fund types, is as follows:

Table 2: Assets by Fund Type – 31 December 2022

Type	Assets (\$ Billion)	Assets (%)
APRA-Regulated		
Corporate	54.8	1.6%
Industry	1100.4	32.5%
Public Sector	484.1	14.3%
Retail	659.0	19.5%
Other	1.8	0.1%
Total APRA-Regulated	2300.1	67.9%
Self-managed super funds	880.6	26.0%
Other	206.3	6.1%
Total	3387.0	100.0%

Source: APRA, Atchison Consultants

Australian superannuation total assets decreased by 3.0% over the one-year period to December 2022. According to APRA, contributions into superannuation in the December 2022 quarter totalled \$38.5 billion, which decreased by -0.3% from \$38.6 billion in September 2022 quarter and increased by 11.1% over the year compared to December 2021.

On a forecast basis, over the coming 10 years, total super assets are expected to grow to \$4.6 trillion in 2032.

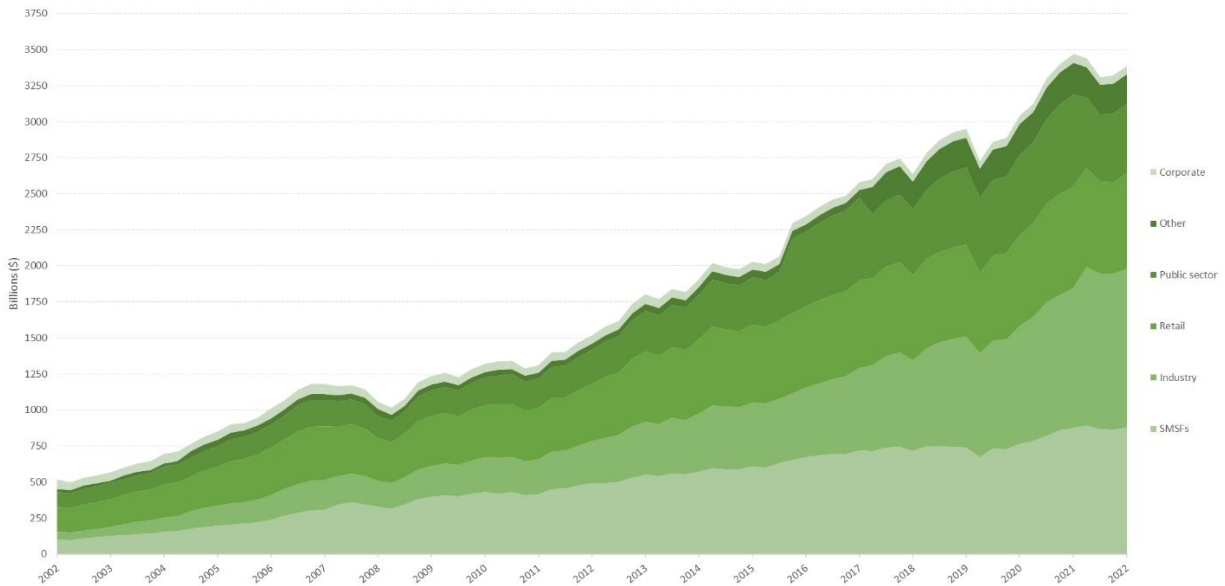
Superannuation Industry Sectors

In December 2022, Industry funds held the largest proportion of superannuation assets, accounting for 32.5% of total assets, and self-managed funds followed with 26.0% of total superannuation assets. Retail funds held the third-largest portion, representing 19.5%.

Most superannuation assets showed upward trends over the December 2022 quarter except for Corporate, as evident in Figure 1.

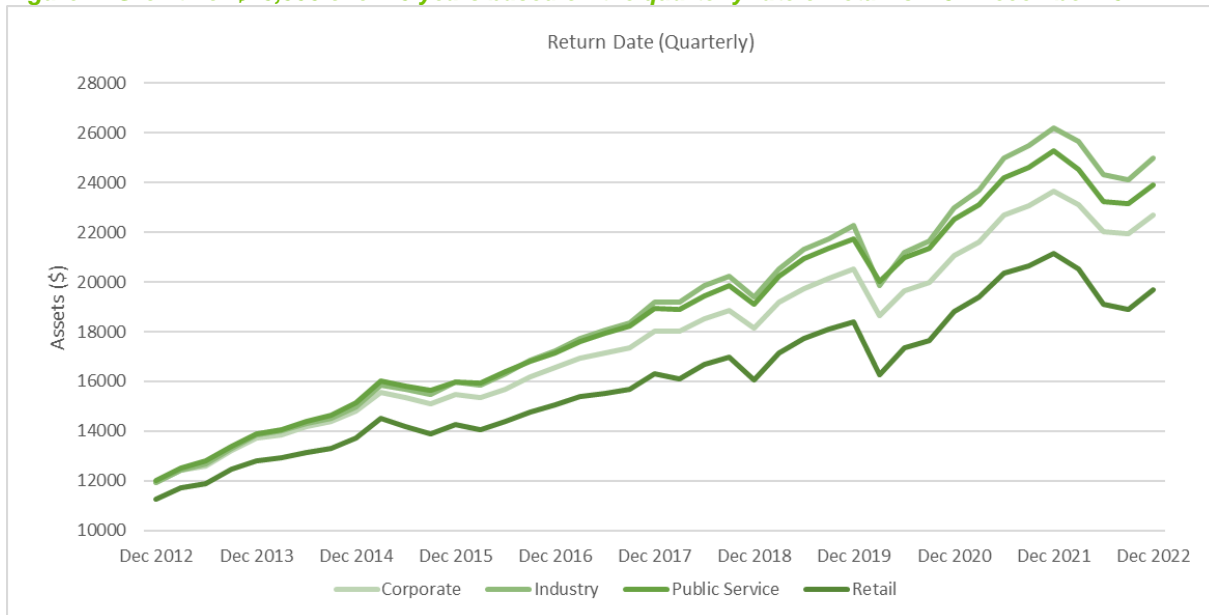
Figure 1 also provides a breakdown of the superannuation industry over time.

Figure 1: Superannuation Assets by Segment – 31 December 2022



Source: APRA, Atchison Consultants

Figure 2: Growth of \$10,000 over 10 years based on the quarterly rate of returns – 31 December 2022



Source: APRA, Atchison Consultants

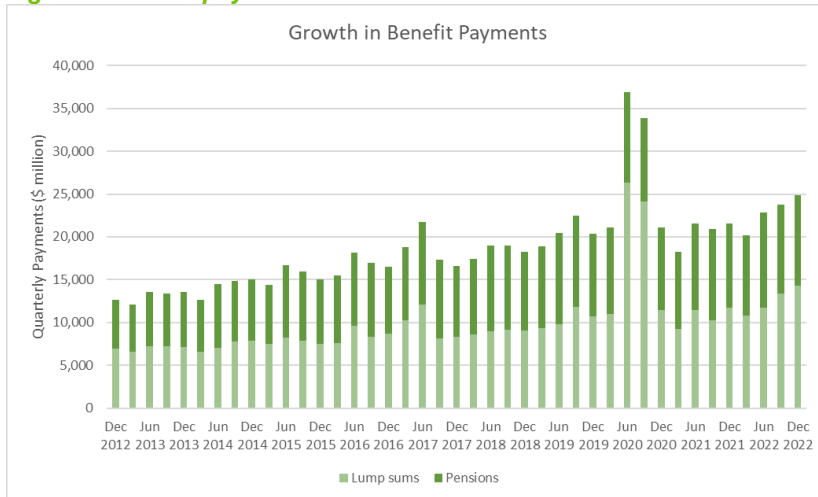
The performance of all superannuation fund categories rose more than 3% in the December quarter after a 3-month consecutive decline. Although the developed equity market had a difficult time in 2022, it performed admirably in the fourth quarter, especially the Australian share market. Figure 2 also shows the rate of return over the last 10 years, where industry and public sector funds have produced stronger returns over the 10-year period relative to retail and corporate funds. This reflects member sentiment but also the difficulty retail funds have faced over the last 10 years in gaining and returning to members when competing against not-for-profit funds.

Asset Flows

Contributions to APRA-regulated superannuation (excluding self-managed funds) amounted to \$38.5 billion in the December 2022 quarter, an 11.1% increase over the year compared to December 2021.

As shown in Figure 3, \$24.9 billion was paid in benefit payments in the December quarter, representing a 4.8% increase over the quarter. Total benefit payments for the year ending December 2022 were \$91.6 billion, rising by 11.3%.

Figure 3: Benefit payments – 31 December 2022



Source: APRA, Atchison Consultants

Asset Allocations

As shown in Table 3 below, superannuation entities reduced their allocation to Listed Equity by 3.7%, while the most significant increase in assets over the one-year period to 31 December 2022 was towards Infrastructure, up 1.7%.

Table 3: Average Asset Allocation – 31 December 2022

Type	December 2021 (%)	December 2022 (%)
Cash	9.0%	9.5%
Fixed income		
Australian fixed income	9.7%	10.9%
International fixed income	7.9%	8.0%
<i>of which: currency hedged</i>	72.0%	74.1%
Total fixed income	17.6%	18.8%
Equity		
Australian listed equity	22.9%	22.5%
International listed equity	28.8%	25.5%
<i>of which: currency hedged</i>	28.1%	27.2%
Unlisted equity	4.6%	5.1%
Total equity	56.3%	53.1%
Property		
Listed property	3.4%	2.7%
Unlisted property	4.8%	5.4%
Total property	8.3%	8.2%
Infrastructure		
Listed infrastructure	1.4%	1.5%
Australian unlisted infrastructure	2.7%	3.6%
International unlisted infrastructure	2.1%	2.9%
<i>of which: currency hedged</i>	70.0%	75.4%
Total infrastructure	6.3%	8.0%
Commodities	0.1%	0.1%

Other	2.4%	2.3%
<i>of which: hedge funds</i>	0.8%	0.8%
Total	100.0%	100.0%

Source: APRA, Aitchison Consultants

Table 4 shows the weighted asset allocation for Not-For-Profit funds (Industry and Government Superannuation funds), Retail funds, and MySuper funds.

Table 4: Superannuation Fund Asset Allocation – 31 December 2022

Type	Corporate (%)	Industry (%)	Public Sector (%)	Retail (%)	MySuper (%)
Growth Assets					
Equity	45.6%	51.2%	53.4%	56.5%	52.5%
Property	9.6%	8.8%	8.8%	6.5%	8.6%
Infrastructure	5.9%	11.6%	6.5%	3.5%	10.1%
Other	3.2%	1.4%	3.3%	3.1%	7.8%
Total Growth Assets	64.3%	73.0%	72.0%	69.6%	79.0%
Defensive Assets					
Cash	8.6%	7.7%	10.6%	11.9%	3.2%
Fixed Income	26.4%	19.3%	17.4%	18.4%	17.6%
Commodities	0.7%	0.1%	0.0%	0.2%	0.1%
Total Defensive Assets	35.7%	27.1%	28.0%	30.5%	20.9%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

MySuper funds represented the highest allocations to growth assets, relative to the other sectors, 79.0%, while corporate funds represented the lowest allocation, 64.3%. In noting the above, Retail funds held the highest allocation to equities, closely followed by Public Sector funds and MySuper funds, representing 53.4% and 52.5% respectively of the allocation. The largest allocators to infrastructure assets were Industry with 11.6%.

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